

## Chairman's Statement

2003 represented a very important milestone year for Shougang Concord International Enterprises Company Limited (the "Company") and its subsidiaries (the "Group"), during which the Group achieved a remarkable turnaround in performance. Net profit attributable to shareholders for the year amounted to HK\$67.8 million, a substantial improvement of HK\$362.9 million from a loss of HK\$295.1 million (as restated) for 2002. For the year ended 31 December 2003, basic earnings per share was HK2.9 cents (2002 : basic loss per share of HK12.9 cents as restated), and diluted earnings per share was HK2.5 cents (2002 : diluted loss per share of HK12.9 cents).

Consequent to the Group Reorganisation programme in 2002, the capabilities of the Group have been growing continuously. The core businesses of the Group, which mainly consist of manufacture and sale of steel plates, electricity generation, shipping operations and manufacture and sale of steel cord, all performed up to our expectation during the year. They collectively recorded a healthy uplift in turnover and an encouraging result in 2003. In addition, the financial position of the Group was further strengthened in November 2003 as 300 million ordinary shares of the Company were subscribed by Shougang Holding (Hong Kong) Limited ("Shougang HK"), the controlling shareholder of the Company, and 50 million ordinary shares of the Company were subscribed by Cheung Kong (Holdings) Limited ("Cheung Kong"), a substantial shareholder of the Company, respectively. In order to support the Group to further improve its liquidity status, Shougang HK exercised the conversion rights of the HK\$200 million convertible note to wholly convert them into ordinary shares of the Company shortly after the balance sheet date.

The Group is now in a sound financial shape with competitive edge in its core businesses. Looking ahead, the Group will be in a better position for business development given China's accession to the WTO and its long-lasting economic growth, the strong recovery in the shipping market and growing demands for steel products which are expected to persist. These favourable factors will also support the Group to further improve its operational results and deliver impressive returns to the shareholders.

I would like to take this opportunity to thank our management and staff for their dedication and contribution, and to express our appreciation to our shareholders, bankers and all other parties concerned for their continued support.

**Wang Qinghai**  
*Chairman*

19 April 2004